

Message Text

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44

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 AID-05 PC-01 OMB-01 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 AGR-05 COME-00 EB-07

FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01

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P R 261526Z AUG 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 1273

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: PFOR, EINV, CS

SUBJECT: ODUBER'S STATEMENTS BEFORE DEPARTURE TO THE
UNITED STATES

BEGIN UNCLASSIFIED

1. BEGIN SUMMARY: BEFORE LEAVING FOR THE UNITED STATES
ON AUGUST 20, PRESIDENT ODUBER EXPRESSED ON TELEVISION HIS
STRONGEST SUPPORT YET FOR FOREIGN INVESTMENT IN COSTA RICA.
HE STATED HIS OPPOSITION TO EXPROPRIATION AND SAID PANAMA'S
AND HONDURAS' SOLUTIONS TO THE BANANA SITUATION ARE NOT FOR
COSTA RICA. HE CRITICIZED RECENT DOMESTIC CAMPAIGNS AGAINST
FOREIGN INVESTMENT AND REMINDED COSTA RICANS THAT THEIR
ECONOMIC WELL-BEING DEPENDS ON SUCH INVESTMENT AND ON TOURISM.
IN A SUBSEQUENT PRESS INTERVIEW, HE PROMISED THAT AN
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ANNOUNCEMENT ON A SOLUTION OF THE BANANA COMPANY SITUATION IN

COSTA RICA WOULD BE MADE ON HIS RETURN. END SUMMARY.

2. ON THE EVE OF HIS AUGUST 20 DEPARTURE FOR A 10-DAY UNOFFICIAL TRIP TO THE UNITED STATES, PRESIDENT DANIEL ODUBER HELD A NATIONALLY TELEVISED PRESS CONFERENCE AND TOUCHED ON A VARIETY OF DOMESTIC AND INTERNATIONAL ISSUES, INCLUDING A STRONG STATEMENT IN FAVOR OF FOREIGN INVESTMENT FOR COSTA RICA.

3. ODUBER EMPHASIZED THE FOREIGN INVESTMENT THEME AS PART OF HIS OPENING REMARKS. HE STATED THAT FOREIGN INVESTMENT IS ABSOLUTELY NECESSARY IF COSTA RICANS ARE TO MAINTAIN THE LIFESTYLE THEY'VE BECOME ACCUSTOMED TO. HE REVIEWED THE CURRENT BALANCE-OF-PAYMENTS PROBLEM IN COSTA RICA AND STATED THAT THE ONLY WAY TO OVERCOME SUCH A SHORTAGE OF DOLLARS WAS TO MAINTAIN AN "OPEN DOOR" TO INVESTMENTS AND TOURISM. HE CRITICIZED "SOME INTELLIGENT COSTA RICANS" WHOME HE DIDN'T IDENTIFY FOR PROPOSING EXTREME LEGISLATION THAT WOULD EXPROPRIATE THE PROPERTY OF (IN ONE CASE EVEN THE HOUSES) OF FOREIGNERS. ODUBER STATED "AS LONG AS I AM PRESIDENT THERE WILL BE NO SUCH EXPROPRIATION LAW HERE." HE CLAIMED HE WOULD FIGHT ANY BUREAUCRACY AGAINST FOREIGN INVESTMENT AND EXPRESSED HIS CONCERN OVER THE INTERNATIONAL REPUTATION COSTA RICA WAS GAINING AS BEING ANTI-FOREIGN INVESTMENT. HE ALSO REFERRED MORE THAN ONCE TO THE INTERNATIONAL CAMPAIGN AGAINST COSTA RICA BY "SOME (FOREIGN) PRESS."

4. ODUBER SAID HE WAS AGAINST THE EXPROPRIATION OF BANANA COMPANIES IN COSTA RICA. HE COMMENTED THAT PANAMA'S SOLUTION IS A "PRETTY DREAM," BUT HE FEARED SUCH A SOLUTION FOR COSTA RICA. HE REMINDED THE PRESS THAT THE SITUATION IN HONDURAS WAS VERY DIFFERENT FROM THAT OF COSTA RICA. HE INSTEAD STRESSED THAT COSTA RICA HAD BECOME THE SECOND LARGEST BANANA PRODUCER IN THE WORLD AND THAT THE BANANA TAX WOULD THEREFORE BRING \$58 MILLION INTO COSTA RICA BY NEXT YEAR. HE ALSO DISCUSSED THE SUCCESSES OF UPEB AND SAID HE SAW IN 10 YEARS A MULTINATIONAL CORPORATION OF UPEB MEMBERS CONTROLLING THE INTERNATIONAL BANANA MARKET. FINALLY HE ADDED THAT HE WAS STUDYING THE BANANA COMPANY SITUATION IN COSTA RICA AND THAT HE WOULD SOON HAVE AN ANNOUNCEMENT (SEE PARAGRAPH 6).

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5. IN RESPONSE TO A QUESTION ON ROBERT VESCO, ODUBER ANSWERED SHARPLY "MONEY HAS NO MORALITY." HE ADDED THAT IF VESCO'S MONEY BELONGS TO OTHERS, THEY SHOULD COME AND WORK THROUGH THE COSTA RICAN COURTS. MEANWHILE, HE NOTED, THE MONEY IS HERE WORKING FOR COSTA RICA.

6. THE DAY AFTER ODUBER LEFT, "LA NACION" BEGAN PUBLISHING, IN PARTS, AN EXCLUSIVE INTERVIEW WITH THE PRESIDENT IN WHICH HE

REITERATED SOME OF THE THEMES OF HIS PRESS CONFERENCE, BUT MAINLY CONCENTRATED ON DOMESTIC ISSUES. HE SPECIFICALLY HIT THE BANANA ISSUE AGAIN SAYING THAT HE WAS WORKING ON A PLAN TO MAKE USE OF THE UNCULTIVATED LANDS OF BOTH UNITED BRANDS AND STANDARD FRUIT. HE SAID THE PLAN WAS PREFERABLE TO ANY PROPOSALS MADE SO FAR, AN OBVIOUS REFERENCE TO THE LEGISLATION AWAITING HIS SIGNATURE WHICH CALLS FOR EXPROPRIATION OF ALL UB'S UNCULTIVATED LANDS. (SAN JOSE 3422 AND PREVIOUS.) HE SAID HE WOULD BE DISCUSSING THE PLAN WITH THE COMPANIES' REPRESENTATIVES DURING HIS VISIT TO THE U.S., AND WOULD ANNOUNCE THE RESULTS UPON HIS RETURN. IN THE PARTS OF THE INTERVIEW ALREADY PUBLISHED, HE ALSO GUARANTEED MONETARY STABILITY FOR COSTA RICA AND REFERRED TO HIS IMPROVED RELATIONS WITH THE PRIVATE SECTOR IN COSTA RICA.

7. IN RESPONSE TO A QUESTION ON VESCO, THE PRESIDENT HINTED AT THE DOMESTIC POLITICAL FORCES WHICH TRIED TO USE THE VESCO ISSUE TO ATTACK HIM.

END UNCLASSIFIED

8. COMMENT: IN RECENT WEEKS, PARTIALLY AS A RESULT OF A SERIES OF MEETINGS WITH BOTH LOCAL AND FOREIGN INVESTORS, THE PRESIDENT HAS BECOME INCREASINGLY AWARE THAT COSTA RICA'S TRADITIONAL REPUTATION AS A SAFE AND SURE PLACE FOR FOREIGN INVESTMENT HAS BEEN SLIPPING. THE DEPTH OF THE BALANCE-OF-PAYMENTS PROBLEM, AND ITS TIE-IN, HAS ALSO, FINALLY, MADE ITS IMPRESSION. ALTHOUGH ODUBER'S STATEMENTS HAVE BEEN WELL RECEIVED, AND HE HAS CLEARED THE AIR SOMEWHAT, ONLY THE GOVERNMENT'S FUTURE ACTIONS ON SPECIFIC CASES -- THE MOST IMPORTANT OF WHICH IS THAT OF THE BANANA COMPANIES -- WILL DETERMINE THE CLIMATE FOR FOREIGN INVESTMENT IN COSTA RICA OVER THE NEAR TERM. TODMAN

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